

Testimony on EPA Clean Power Plan
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Thank you very much for the opportunity to comment, as Commissioner of the Massachusetts Department Environmental Protection, on EPA's historic Clean Power Plan proposal. Before going in to specific aspects of the proposal, I wanted to make two general points.

First, we strongly support EPA's decision to use the Clean Air Act to regulate carbon dioxide emissions from existing electric power plants, and support the time table and schedule that has been proposed. Addressing climate change is critically important and a fundamental generational responsibility that we have, and we agree that all states should be on the path toward a clean electric sector.

Second, based on the Administration of Governor Deval Patrick's clean energy agenda, our experience regulating carbon emissions from electric power plants has definitively shown that programs that reduce emissions can support economic growth by reducing energy costs, creating local clean energy jobs, and insulating the economy from fuel price volatility.

In the remainder of my testimony, I will share our initial thoughts about several aspects of the proposal. We are working with other states on written comments for submittal in October.

My first specific comment is that the proposed targets, while significant, may not meet the President's goal of achieving economy-wide reductions of 83% by 2050. . While Massachusetts and the eight other states that participate in the Regional Greenhouse Gas Initiative's (RGGI) market-based program are already on track to reduce emissions by 50% below 2005 levels by 2020, EPA has indicated that the Plan will reduce emissions from covered sources by only 30% from 2005 levels in 2030. While we recognize that the RGGI states' level of reductions may not be appropriate for all states, our success suggests that cuts larger than 30% are feasible nationally. EPA should therefore review the proposal for additional reduction opportunities. For example, for some states that do not currently have policies that support renewable energy, the proposal does not fully recognize the potential to increase renewable energy generation. Our success in driving investment in renewable energy can be replicated in other states, and for most other states wind and solar resources will be better than they are in Massachusetts, where we have, nonetheless, seen rapid deployment and rapid decline of installation costs. These facts should be better reflected in the proposal.

We are very pleased to see that the Plan recognizes regional market-based programs such as RGGI. We participate in this program and expect to use it to comply. As you know, the program has been an unmitigated success, not just as an environmental regulation but as a driver of economic growth. Market-based programs have long been recognized as the regulatory approach that reduces emissions at the lowest possible economic cost, and RGGI has shown that by investing auction revenue strategically, significant economic benefits are possible. In the RGGI region, for example, net benefits were approximately \$1.6B in the first compliance period

(three years). EPA should ensure that other interested states are able to realize these benefits by providing assistance with tasks such as allowance tracking and auction administration.

For states that do not choose market-based programs, Massachusetts' experience is also relevant. Such states will need to complete a planning process to identify a suite of emission reduction policies. We have successfully used such processes in two different contexts. First, under the State Implementation Plan requirements of the Clean Air Act, we have cost-effectively reduced emissions of smog-forming pollutants. Second, Massachusetts has a state statute that requires a similar planning process for greenhouse gas emissions. While challenging, we have found that these processes represent an opportunity to pursue policies that best support economic growth. And I am proud to say that, because of all the work that has been done in states like Massachusetts, states have a long list of well-tested strategies to choose from.

Providing a comprehensive review of our state policies is beyond the scope of my remarks. However, I want to call out one example that has been a particular focus, which is energy efficiency. Our homegrown energy efficiency industry now supports nearly fifty thousand jobs and will, over time, deliver four to five dollars in benefits for every dollar we invest. In the longer term, it will help us remain competitive with other energy efficient economies, such as those of California, Japan, and Europe. However, because of the amount of money involved, it also represents a huge responsibility to invest prudently. In Massachusetts, we devote significant resources to program evaluation and stakeholder input, in many cases working with regional and national groups to create uniform protocols. We are pleased to see this work recognized in the

proposal, but urge EPA to go further to require rigorous standardized treatment of energy efficiency in state plans.

I would summarize our experience reducing power sector carbon emissions in Massachusetts with the following statistics. Since 1990, our economy has grown by 70% while GHG emissions have fallen by 40%. During the Administration of Governor Deval Patrick, solar capacity has grown from 3MW to over 500MW, wind has grown from 3MW to over 100MW, the clean energy sector now has over 80,000 jobs and has grown between 6% and 12% annually for the last 5 year,s and Massachusetts has become an international hub for clean energy innovation and entrepreneurship. Along the way we have developed, tested, and deployed programs that drive economic growth and reduce carbon emissions. The Clean Power Plan would set the country as a whole on a similar path, reducing harmful emissions *while* seizing economic opportunities both at home, and in the increasingly competitive global clean energy market.

Thank you.